



How to handle cross-border crises in the financial system?

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Cross-border challenges

- The current home country principle creates supervisory difficulties
 - Excessive compliance burdens
 - Centralisation, specialisation and outsourcing in the financial sector
 - Conflicts of interests among supervisors
 - Regulatory arbitrage
 - Consumer uncertainty
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Own experiences

- Increase the cooperation and coordination between national supervisory authorities
 - Convergence of supervisory practices by EU Lamfalussy decision processes and MoU:s
 - Much needed but not sufficient
 - Cross-border banking increase the need for direct contact and an open dialogue between authorities at an international level
 - Iceland
 - The Baltic States
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A financial supervisory regime must:



- Ensure a level playing field
 - Present clear accountability structures
 - Foster market integration and provide effective cross-border crisis management
 - Maintain financial stability and avoid conflicts of interest
 - Contribute to supervisory efficiency
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How to move forward?

- A common international supervisory body
 - Will manage national conflicts
 - Increase supervisory effectiveness
 - Reduced regulatory burden for firms
 - In an EU perspective
 - An independent agency
 - Major cross-border banking groups
 - Collect information, unified risk-assessments
 - Oversee activities and risks
 - Suggesting actions, but formal power rest with the national supervisor
 - A future European FSA
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More to be done

- Regulatory supervision needs continuous development
 - Common criteria for crisis assessments
 - Cross-border coordination of supervisory action
 - Create a regulatory level playing field
 - Efficient resolution mechanisms
 - Deposit guarantee schemes
 - Emergency liquidity assistance
 - Crisis management simulations
 - Nationally and internationally
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